

DEPARTMENT OF STATE REVENUE

LETTER OF FINDINGS NUMBER: 99-0102P

Gross Income Tax

Years Ended 01/01/95, 12/21/95, and 12/31/96

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ISSUE(S)

I. **Tax Administration** – Penalty

Authority: IC 6-8.1-10-2.1(d); 45 IAC 15-11-2

Taxpayer protests the penalty assessed.

STATEMENT OF FACTS

Upon audit it was discovered that the taxpayer failed to report high rate service receipts at the correct rate of tax. Taxpayer was previously audited on November 5, 1993.

Taxpayer requests that the department waive the negligence penalty.

I. **Tax Administration** – Penalty

DISCUSSION

Taxpayer was assessed a negligence penalty because it failed to report gross income at the correct rate of tax although the issue was present in the prior audit.

Taxpayer, in a letter dated February 11, 1999 protested penalties assessed and states that it did not willfully attempt to evade payment of corporate income tax and did not willfully misclassify gross receipts. In addition, it has been cooperative in attempting to resolve the audit promptly with the auditor.

Taxpayer was previously audited with the same issue; therefore, its conduct does not show reasonable

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cause for waiving the penalty.

FINDING

Taxpayer's protest is denied.

DW/RAW/MR 990511